

Message Text

CONFIDENTIAL

PAGE 01 TOKYO 03393 060237Z

73/20

ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-11 ISO-00 SP-02 AID-05 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 L-03 H-02 DODE-00 NSCE-00 SSO-00 USIE-00

INRE-00 PA-01 PRS-01 AGR-05 INT-05 /109 W

----- 024481

O R 051012Z MAR 76

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 7475

INFO USMISSION GENEVA

USMISSIN OECD PARIS

USMISSION EC BRUSSELS

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

MEMBASSY LONDON 2910

AMEMBASSY MADROD

AMEMBASSY BONN

AMEMBASSY BRUSSELS

C O N F I D E N T I A L TOKYO 3393

DEPT PASS STR TREASURY AND COMMERCE

C O R R E C T E D COPY: MRN READS 3393 VICE 339

E.O. 11652 GDS

TAGS: ETRD, JA

SUBJ: AIDE MEMOIRE RE SPECIALTY STEEL ESCAPE CLAUSE CASE

SUMMARY. MITI ADVISED EMBASSY THAT GOJ HAS INSTRUCTED
JAPANESE EMBASSY WASH. TO DELIVER AIDE-MEMOIRES TO USG
AGENCIES INDICATING GOJ INTENTION TO IMPOSE RETALIATORY
QUOTA RESTRICTIONS ON IMPORTS OF US PRODUCTS, SHOUD
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TOKYO 03393 060237Z

USG ENFORCE ITC SPECIALTY STEEL RECOMMENDATINS AS

THEY NOW STAND. GOJ WILL OFFER TO TAKE Milder MEASURES IF US SHORTENS PERIOD OF RESTRICTIONS AND MODIFIES ITC FORMULA FOR DISTRIBUTION QUOTA AMONG SUPPLIERS, WHICH JAPAN REGARDS AS DISCRIMINATORY IN ITS PRESENT FORM. JAPANESE OFFICIALS INSTRUCTED TO STATE ORALLY THAT THEY LITTLE POSSIBILITY OF CONCLUDING AN ORDERLY MARKETING AGREEMENT UNDER 1974 TRADE ACT.

1. ON MARCH 5 MITI (AMERICAS OCEANIA DIV.) CALLED IN EBOFF AND DESCRIBED CONTENTS OF AIDE-MEMOIRE ON SPECIALITY STEEL ESCAPTE CWLAUSE CASE WHICH GOJ HAS INSTRUCTED JAPANESE EMBASSY WASH. TO DELIVER TO STR AND DEPTS OF STATE, COMMERCE AND TREASURY. TEDT WILL STATE FOLLOWING GOJ POSITIONS.

A. GOJ CONSIDERS ITC FINDINGS AND RECOMMENDATIONS CONTRARY TO FACT AND UNNECESSARY AND URGES THE USG NOT TO CONSIDER PLACING IMPORT RESTRICTIONS ON SPECIALITY STEEL ITEMS.

B. SHOULD THE USG NONETHELESS DECIDE TO IMPOSE QUANTITATIVE IMPORT RESTRICTIONS, GOJ REQUESTS CONSIDERATION OF THE FOLLOWING:

(1) ITC'S USE OF AVERAGE MARKET SHARE FOR 1972-74 RATHER THAN 1970-74 AS BASE FOR RECOMMENDING DISTRIBUTION OF QUOTA AMONG SUPPLIERS DISCRIMINATES AGAINST JAPAN VIS-VIS REST OF WORLD, GIVING NON-JAPANESE SUPPLIERS A CONSIDERABLY LARGER 1976 QUOTA (IONPPP ST) THAN THEIR ACTUAL EXPORT PERFORMANCE FOR ANY YEAR OF THE 1970-74 PERIOD. ON THE OTHER HAND JAPAN WOULD ABSORB FULL BRUNG OF THE CUTBACK PLUS THE INCREASE GRANTED TO OTHER SUPPLIERS. GOJ REQUESTS THAT THE BASE PERIOD FOR DISTRIBUTING THE QUOTA BE CHANGED TO THE OVERALL QUOTA.

(2) THE PERIOD OF THE RESTRICTIONS SHOULD BE REDUCED TO ONE OR AT MOST TWO YEARS.

C. IF USG IMPLEMENTS ITC RECOMMENDATION WITH DUE CONSIDERATION TO B1 AND 2 ABOVE, JAPAN MAY REQUEST COMPENSATION UNDER ARTICLE 19 OF THE GATT.

D. IF USG IMPLEMENTS ITC RECOMMENDATIONS AS IT NOW STANDS, JAPAN WILL EXERCISE ITS RIGHT OF RETALIATION UNDER ARTICLE 19-3A OF THE GATT BY IMPOSING APPROPRIATE QUOTA RESTRICTIONS ON IMPORTS OF U.S. PRODUCTS INTO
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TOKYO 03393 060237Z

JAPAN.

2. ACCORDING MITI, GOJ REPS. WILL BE INSTRUCTED TO ADVISE USG AGENCIES ORALLY THAT

A. GOJ DOES NOT SEE MUCH POSSIBILITY FOR NEGOTIATING ORDERLY MARKETING AGREEMENT UNDER US TRADE ACT OF 1974 BECAUSE OTHER SUPPLIERS DO NOT APPEAR LIKELY TO AGREE TO THIS AND BECAUSE LEGAL STATUS OF OMA VIS-A-VIS THE

GATTT IS TILL UNCERTAIN.

B. GOJ IS DEEPLY CONCERNED ABOUT OMINOUS TENDENCY TO
RESORT TO QR'S WHICH APPEARS TO BE DEVELOPING IN ITS'S
HANDLING OF CASES UNDER 1974 TRADE ACT.

3. IN DISCUSSING DECISION MITI OFFICIAL (ARAI, DEPUTY
DIR. ACTING IN KONOSHITA'S ABSENCE AS DIRECTOR,
AMERICAS-OCENIA DIV.) SAID GOJ INFLUENCED IN PART BY
MORE RECENT ITC AFFIRMATIVE DECISION ON NON-RUBBER FOOT
WEAR AND STAINLESS FLATWEAR AND BY INDICATIONS
THA AUTO DUMPING CASE IS NO GOING WELL FOR JAPAN.
HE ADDED THAT MITI HAS CVOME TO FEEL STRONGLY THAT THE
TIME HAS COME FOR JAPAN TO CEASERESPONDING AUTOMATI-
CALLY TO US REQUESTS FOR VR'S AND TO HANDLE BILATERAL
TRADE ISSUES IN A MORE "ADULT" FASHION. HE
CHARACTERIZED DECISION AS VISTORY OF MITI OVER
FONOFF, WHICH WAS INCLINED TO HANDLE CASE IN THE
TRADITIONAL FASHION AND NOTED THAT STEEL INDUSTRY ITSELF
AFTER FAILING TO REACH CONSENSUS, FINALLY HANDED DECISION
OVER TO THE GOVERNMENT. ARAI CINFORMED MARCH 4-5
PRESS REPORTS THAT MITI IS CONSIDERING VARIOUS ALUMINUM
ITEMS FOR RETALIATORY QR'S AND ADDED THAT SOME "RECENTLY
LIBERLAIZED ITEMS" MIGHT ALSO BE REVIEWED.
SHOESMITH

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, AIDE MEMOIRE, STEELS, ESCAPE CLAUSE (TARIFF), IMPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976TOKYO03393
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760085-0547
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760388/aaaaczsd.tel
Line Count: 139
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAR 2004 by MartinML>; APPROVED <02 AUG 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AIDE MEMOIRE RE SPECIALTY STEEL ESCAPE CLAUSE CASE SUMMARY. MITI ADVISED EMBASSY THAT GOJ HAS INSTRUCTED
TAGS: ETRD, JA, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006